



Auditor of Public Accounts
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**Auditor Harmon Releases Second Volume of Annual Statewide
Single Audit of Commonwealth of Kentucky**

Audit identified four material weaknesses, 14 significant deficiencies

FRANKFORT, Ky. (March 28, 2017) – Auditor Mike Harmon today released the second volume of the annual Statewide Single Audit of the Commonwealth of Kentucky (SSWAK) for the fiscal year ending June 30, 2016.

Volume two focuses on compliance with federal requirements for federal awards, and contains a total of 18 findings regarding the Cabinet for Health and Family Services (CHFS), Department of Workforce Investment (DWI), and the Kentucky Transportation Cabinet (KYTC). Seven of the findings are repeated from the SSWAK Volume II audit for Fiscal Year 2015.

During Fiscal Year 2016, Kentucky spent more than \$12.3 billion in cash and noncash awards received from the federal government, which represents a slight increase in federal funds expended by the Commonwealth compared to Fiscal Year 2015. The 2016 SSWAK Volume II has more than \$196,000 in questioned costs related to federal funds.

“We owe it to the taxpayers of Kentucky to be good stewards of state and federal funds we receive,” said Auditor Harmon. “It is my hope the leadership in our cabinets and agencies will review the 18 findings in our SSWAK Volume II audit for the past fiscal year carefully, and implement our recommendations.”

Among the 18 findings in the report, four material weaknesses were identified, including two previously reported in volume one of the Fiscal Year 2016 SSWAK, which reported findings related to the Commonwealth’s Comprehensive Annual Financial Report. Finding 2016-044 relates to CHFS failing to ensure that the Benefind application was working properly and that staff had received adequate training before it was implemented. The Benefind application is used to determine participant eligibility for many federal programs, including Medicaid.

The other material weakness for CHFS in both volumes of SSWAK for Fiscal Year 2016 also deals with the implementation of Benefind. Finding 2016-045 cites the inability of the cabinet to reconcile required quarterly reports in March and June 2016 because the reporting function with Benefind was not operating correctly.

The other 14 findings related to significant deficiencies within CHFS, DWI, and KYTC. Among those findings:

- KYTC failed to gain official approval from the Federal Highway Administration (FHWA) prior to the donation of surplus right-of-way property. For one example, in August 2015 KYTC donated 131 acres of land to the Pike County Fiscal Court without prior official approval from FHWA. The land was appraised in 2013 at a value of \$1.92 million.
- DWI failed to ensure the accuracy of data provided by Kentucky's Local Workforce Development Areas on financial reports for the federal Workforce Innovation and Opportunity Act program.
- CHFS paid duplicate benefits to Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). This finding is also cited in the Fiscal Year 2016 SSWAK Volume I audit.

The report, along with the responses to the findings, can be found on the [auditor's website](#).

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